

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES

MARCH 28, 2007

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chairman
Caldwell, Gene, M.D., Vice Chair
Atchley, Bryan
Gaither, Keith, designee for the TennCare Director
Handorf, Charles, M.D.
Jones, Clark
Lammert, Gregory
Morris, John, designee for the Commissioner of Commerce and Insurance
Troy, Peggy
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Brogden, Reid, General Counsel
Christoffersen, Jim, Deputy General Counsel
Craighead, Alecia, Statistical Analyst III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager
Grimm, Jeff, Health Planner III
Wells, Phil, Health Planner III

GUESTS PRESENT

Abbey, Paul, Tennessee Orthopedics
Barrett, Sharon, Robins & Morton
Bradford, John, Esq., Waller, Lansden, Dortch & Davis
Braswell, Dave, Pantheon Corporation
Brent, Michael D., Esq., Boulton, Cummings, Conners & Berry
Brown, Dere, NHC
Bryant, Brooke, HCA
Carlisle, Gordon, Centennial Medical Center
Carobene, Joe, Department of Mental Health and Developmental Disabilities
Cash, Brad, CFO, SkyRidge Medical Center
Chambers, Mary Beth
Cook, Phillip, President, PSI's Mid-America Division, Psychiatric Solutions, Inc.
Corritore, Danell, Department of Health
Culp, Joe, Department of Health
Davidson, Steve, Chief Development Officer, Psychiatric Solutions, Inc.
Davis, Mark, Tennessee Health Management
Day, Edwin, Consultant
Dube, Scott, M.D., Nashville Bone & Joint
Duncan, Bruce, NHC
Elrod, Dan H., Esq., Miller & Martin
Ferone, Cathy, Tennessee Orthopedics
Gooch, Warren, Esq., Kramer, Rayson, Leake, Rodgers & Morgan, LLP
Guy, Melody
Haile, Dan, PSI
Hampton, Michael, President, AmeriCare Corporation

Harris, Paula, ACEO, SkyRidge Medical Center
Hawkins, Heidi, Tennessee Health Management
Hill, Ronald, Vanderbilt University Medical Center
Hoffman, Paul E., M.D., Siskin Hospital
Horton, Dan, Baptist Memorial Hospital, Union City
Houchin, Barbara, St. Thomas Health System
Huggins, Mike, THA
Hutson, Donald, CEO/Administrator, Baptist Memorial Health Care Corporation
Lind, Linda, Sr. Vice President, Siskin Hospital
Looney, Kim Harvey, Esq., Waller, Lansden, Dortch & Davis
Lothridge, Pamela, Skyline Medical Center
Luchessi, Jane, Memorial Hospital
Macacell, Maggie
Main, Robert, President, Siskin Hospital for Physical Rehabilitation
Maples, Arthur, Director, Government Operations, Baptist Memorial Health Care Corporation
Marsidi, Paul, M.D., Urologist, Baptist Memorial Health Care Corporation
McKay, Martin, Erlanger Health Systems
McLaughlin, Stacey, Bass, Berry & Sims
Ollapally, Vinita, Waller, Lansden, Dortch & Davis
Ozburn, Tom, Summit Medical Center
Parrish, Jeff, Tennessee Health Management
Patomai, Steve, CEO
Perryman, Mike, Controller, Baptist Memorial Health Care Corporation
Poling, Becki, Department of Mental Health and Developmental Disabilities
Puri, Christopher, Esq., Boulton, Cummings, Conners & Berry
Richardson, J. Scott, Esq., Boulton, Cummings, Conners & Berry
Richardson, Ryan, HCA
Rinehart, Jessica, THA
Samucbia, Maggie
Sells, John, President of Arbor Place of Puryear
Skrabut, Russell, TLC Engineering
Smith, Fleming, Architect, Grisham, Smith & Partners
Sra, Coneigh, Volunteer by Health
Taylor, Jerry W., Esq., Farris, Mathews, Branam, Bobango, Hellen & Dunlap, PLC
Terry, Roy Clarence, M.D., Tennessee Orthopedics
Testerman, Tom, Architect, Parsons Group
Thompson, Ann R, Department of Health, Health Care Facilities
Trauger, Byron, Esq., Trauger & Tuke
Webb, Joseph T., Uro-Tech
Wellborn, John, Development Support Group
West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz
Whitehorn, Jeff, Summit Medical Center
Witzky, Touby, CEO, Nashville Rehabilitation Hospital

Chairman Koella called the meeting to order at 8:30 a.m. in rooms D-G in the Gaylord Entertainment Center, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

SkyRidge Medical Center - (Cleveland, Bradley County) - Project No. CN0611-093

Modification to the physical plant, including the expansion of the emergency department, surgery department, intensive care unit, and patient care areas. The 351 licensed bed complement will remain unchanged as a

result of this project. This facility was formerly known as Bradley County Memorial Hospital. Project Cost \$45,080,000.00.

William H. West, Esq., representing the applicant, addressed the Agency. Steve Patomai, CEO and Tom Testerman spoke on behalf of the project. Present in support were Brad Cash, CFO and Paula Harris, ACEO.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is established for the required modernization of this aging facility; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care as they are licensed, provide care for indigent and TennCare patients. Mr. Lammert seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

SkyRidge Medical Center - Westside Campus - (Cleveland, Bradley County) - Project No. CN0611-094

The conversion of twelve (12) acute care hospital beds to inpatient rehabilitation hospital beds and the initiation of inpatient rehab services. These beds will remain licensed as inpatient hospital beds. The 100 licensed bed complement will not change as a result of this project. This facility was formerly known as Cleveland Community Hospital. Project Cost \$1,543,198.00.

William H. West, Esq., representing the applicant, addressed the Agency. Paula Harris, ACEO spoke on behalf of the project. Present in support were: Steve Patomai, CEO and Tom Testerman, Architect.

Speaking in opposition were: Dan Elrod, Esq., representing Siskin Hospital for Physical Rehabilitation; Paul E. Hoffman, M.D., Siskin Hospital; and Linda Lind, Sr. Vice President, Siskin Hospital. Present in opposition were: Byron Trauger, Esq., representing HealthSouth Rehabilitation of Chattanooga and Robert Main, President, Siskin Hospital for Physical Rehabilitation

Mr. West and Ms. Harris rebutted.

Mr. Elrod summated for opposition.

1st Motion

Mr. Koella moved for denial of the project based on the low occupancy rates of the facilities located in the adjacent counties. Mr. Jones seconded the motion. The motion FAILED [5-5-0].

AYE: Jones, Gaither, Atchley, Lammert, Koella
NAY: Weaver, Handorf, Caldwell, Troy, Morris

2nd Motion

Dr. Handorf moved for approval of the project based on: 1) Need – The need is evident to provide inpatient rehabilitation services locally. This project would provide access to services for the aging population without traveling out of their county; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care as the project will improve access to care. They are licensed and a TennCare provider. Ms. Weaver seconded the motion. The motion FAILED [5-5-0].

AYE: Weaver, Handorf, Caldwell, Troy, Morris
NAY: Jones, Gaither, Atchley, Lammert, Koella

The project was denied.

Mr. Lammert Recused

Rolling Hills Hospital - (Franklin, Williamson County) - Project No. CN0612-096

The establishment of a new eighty (80)-bed general hospital located on an approximately five (5) acre site on Lot 8, Quail Hollow Business Park, 2014 Quail Hollow Circle, Franklin (Williamson County), Tennessee. This new hospital will provide outpatient and inpatient medical detoxification (12 beds), adult psychiatric (35 beds), geri-psychiatric (15 beds) and adolescent psychiatric (18 beds) services. No other health services will be initiated or discontinued. Project Cost \$24,800,000.00.

Michael D. Brent, Esq., representing the applicant, addressed the Agency. Phillip Cook, President of PSI's Mid-America Division, Psychiatric Solutions, Inc. and Touby Witzky, CEO, Nashville Rehabilitation Hospital spoke on behalf of the project. Speaking in support were: Maggie Macacell, Melody Guy, Mary Beth Chambers, and Ron Hill, Vice President, Strategic Development, Vanderbilt University Medical Center. Steve Davidson, Chief Development Officer, Psychiatric Solutions, Inc. was present in support.

Opposing the project was Jerry Taylor, Esq., representing Centennial Parthenon Pavilion, Skyline Medical Center-Madison, and Summit Medical Center.

Mr. Brent and Mr. Cook rebutted.

Joe Carobene, Department of Mental Health and Developmental Disabilities responded to questions from members.

Mr. Taylor summated for the opposition.

Mr. Brent summated for the applicant

Dr. Caldwell moved for approval of the project based on: 1) Need – The need is present for this fast growing community to have mental health care provided locally; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care as having local access of mental health services will improve access locally in a day-to-day operation. Mr. Atchley seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Troy, Morris, Koella

NAY: None

Friendship Home Healthcare, Inc. - (McMinnville, Warren County) - Project No. CN0612-097

The establishment of a home health agency to provide a full range of home health services in the following ten (10) counties: Cannon, Coffee, DeKalb, Franklin, Grundy, Macon, Smith, Trousdale, Van Buren and Warren. The parent office will be located at 461 North Chancery, McMinnville (Warren County), TN, and a branch office at the Macon Medical Center on Highway 52 in Lafayette (Macon County), TN. Upon approval and licensure, Friendship Home Health Agency, LLC, currently licensed for twenty-two (22) Middle Tennessee counties will surrender its license for the following eight (8) counties: Cannon, Coffee, DeKalb, Grundy, Macon, Smith, Trousdale, and Warren, and will maintain its license in its remaining fourteen counties. The net effect of this Certificate of Need application is to serve those eight counties surrendered plus Franklin and Van Buren counties. No other health services will be initiated or discontinued. Project Cost \$577,000.00.

WITHDRAWN

Ms. Troy and Dr. Handorf recused.

Baptist Memorial Hospital - Union City - (Union City, Obion County) - Project No. CN0612-098

The initiation of mobile lithotripsy services on the hospital campus. The unit will be located in the hospital's surgical suite two (2) days per month (every other week/26 days per year). The project does not involve the addition or reclassification of hospital beds or discontinuation of other health services. Project Cost \$353,050.00.

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Dan Elrod, Esq., representing the applicant, addressed the Agency. Present in support of the project were: Donald Hutson, CEO/Administrator; Arthur Maples, Director, Government Operations; Mike Perryman, Controller, and Paul Marsidi, M.D., Urologist.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need is presented as these services are currently not provided in the community; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care by providing local services for the community. Mr. Lammert seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella
NAY: None

Tennessee Orthopedics - (Lebanon, Wilson County) - Project No. CN0612-099

The relocation of an in-house magnetic resonance imaging (MRI) unit and MRI services from the current practice at 1616 West Main Street, Lebanon, TN 37078 to a new site at 101 Physicians Way, Lebanon, TN 37090 on currently unimproved land. The project will not include the discontinuation or initiation of any new health care services. Project Cost \$597,550.00.

Michael D. Brent, Esq., representing the applicant, addressed the Agency. Present on behalf of the project were Cathy Ferone and Roy Clarence Terry, M.D.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is established by not adding or duplicating any services; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care by streamlining health care services. Ms. Troy seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Nashville Bone and Joint (MRI Service) - (Hermitage, Davidson County) - Project No. CN0612-103

The initiation of outpatient magnetic resonance imaging (MRI) service for patients of its own practice two (2) half-days per week by leasing time on Summit Medical Center's existing fixed outpatient MRI located in its medical office building at 5655 Frist Boulevard, Suite 153, Hermitage, TN 37076. Project Cost \$553,977.00.

Scott Dube, M.D. addressed the Agency and Jeff Whitehorn, CEO, Summit Medical Center spoke on behalf of the project. John L. Wellborn, Consultant, was present in support of the project.

Ms. Troy moved for approval of the project based on: 1) Need – The project is needed; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Dr. Handorf seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Paris Healthcare and Rehab - (Paris, Henry County) - Project No. CN0612-100

The addition of seven (7) Medicare certified skilled nursing beds in existing facility space. The addition will increase the total licensed bed complement from 120 to 127. There will be no change in the types of health care services provided. Project Cost \$33,710.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Mark Davis and Heidi Hawkins spoke on behalf of the project.

Mr. Atchley moved for approval of the project based on: 1) Need – The need is demonstrated as the facility has a 100% occupancy rate; 2) Economic Feasibility – The project is economically feasible and feasibility is

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not an issue; and 3) The project does contribute to the orderly development of adequate and effective health care with the addition of Medicare beds. Dr. Handorf seconded the motion. The motion CARRIED [7-3-0]. **APPROVED**

AYE: Jones, Gaither, Handorf, Caldwell, Atchley, Troy, Koella
NAY: Weaver, Lammert, Morris

GENERAL COUNSEL'S REPORT

Ms. Troy and Dr. Handorf recused.

Memphis Long Term Care Specialty Hospital, LLC - (Memphis, Shelby County) - Project No. CN0603-019A

Request for corporate restructuring of AmeriCare Corporation (AC) holdings. Memphis Long Term Care Specialty Hospital and Americare Long Term Specialty Hospital d/b/a AmeriCare Health and Rehabilitation are located on the same campus. AC wishes to have all operations in separate legal entities, each serving as the operator and licensee, for leasing purposes. This is a corporate restructuring of the AmeriCare holdings and will not result in any changes to the costs or scope of the project.

Michael D. Brent, Esq., representing the applicant, addressed the Agency. Michael Hampton, President, AmeriCare Corporation was present on behalf of the project.

Chairman Koella called for a voice vote to approve the request. All voting members were in agreement to approve the request. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella
NAY: None

Arbor Place of Puryear - (Puryear, Henry County) - Project No. CN0311-098AE

Request for modification of the Certificate of Need for extension of expiration date from May 1, 2007 to January 1, 2008. This project was approved on June 23, 2004 for the relocation and replacement of the existing twenty-five bed dually certified skilled nursing facility and the addition of seven (7) SNF beds for a total of thirty-two (32) licensed beds. On April 26, 2006 the Agency approved an extension of the expiration date to May 1, 2007.

Michael D. Brent, Esq., representing the applicant, addressed the Agency. Present on behalf of the request were Dave Braswell, Pantheon Corporation and John Sells, President of Arbor Place of Puryear.

Mr. Koella moved for approval of the request by extending the expiration date to July 1, 2008. Dr. Handorf seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Ms. Troy and Dr. Handorf recused.

Methodist Healthcare-North Hospital - (Memphis, Shelby County) - Project No. CN0312-112A

Request for modification of the Certificate of Need for extension of expiration date for three (3) months from May 1, 2007 to August 1, 2007. This project was approved at the March 24, 2004 Agency meeting for the addition of twenty-six (26) acute care beds increasing the bed complement from 234 to 260 licensed beds.

Byron Trauger, Esq., representing the applicant, addressed the Agency.

Mr. Koella moved for approval of the request to extend the expiration date to September 1, 2007. Mr. Atchley seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella
NAY: None

CURRENT REPORTS

Statistical Reports

The reports were accepted into the record.

Finance, Ways and Means Committee Reports

The reports were accepted into the record.

Minutes

The minutes of the February 28, 2007, meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab